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DE RUEHKT #0437/01 1460814  
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O 260814Z MAY 09 ZDS CORRECTED PARA NUMBERS  
FM AMEMBASSY KATHMANDU  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0234  
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 6968  
RUEHLM/AMEMBASSY COLOMBO PRIORITY 7290  
RUEHKA/AMEMBASSY DHAKA PRIORITY 2612  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 5334  
RUEHLO/AMEMBASSY LONDON PRIORITY 6473  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 3046  
RUEHSA/AMEMBASSY PRETORIA PRIORITY 0253  
RUEHCI/AMCONSUL KOLKATA PRIORITY 4610  
RUEHGV/USMISSION GENEVA PRIORITY 2325  
RUEKJCS/SECDEF WASHDC PRIORITY  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 3531  
RHEFDIA/DIA WASHDC PRIORITY  
RHMFISS/CDR USPACOM HONOLULU HI PRIORITY  
RUEAAIA/CIA WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000437

C O R R E C T E D C O P Y -- ADJUSTED PARAGRAPH NUMBERING

SIPDIS

E.O. 12958: DECL: 05/26/2019

TAGS: PREL PGOV PHUM KDEM NP

SUBJECT: NEPAL: NEW PRIME MINISTER SWORN IN

REF: KATHMANDU 435

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Classified By: Ambassador Nancy J. Powell. Reasons 1.4 (b/d).

Summary

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¶1. (C) On May 23, the Constituent Assembly elected veteran Communist Party of Nepal - United Marxist Leninist (UML) leader Madhav Kumar Nepal unopposed as the country's new Prime Minister. MK Nepal and two additional UML ministers were sworn in May 25 as negotiations continued to fill the rest of the cabinet -- expected within two weeks. Nepal is a long-standing contact of the Embassy and has been accessible and responsive to USG concerns in the past. Maoist protests may resume soon.

MK Nepal Elected PM

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¶2. (U) On May 23, veteran Communist Party of Nepal - United Marxist Leninist (UML) leader Madhav Kumar Nepal was the sole nominee for the position of Prime Minister and the 601-member Constituent Assembly (CA) elected him without any recorded opposition. However, none of the 238 Maoist Members of Parliament participated in the balloting. The 360 votes for Nepal left him with a comfortable majority; he required 301 votes for election as PM. President Ram Baran Yadav swore in MK Nepal as PM on May 25. CA members, including two senior Maoist leaders (but not former Prime Minister Dahal), attended along with the Chief Justice, government officials and the diplomatic corps.

Cabinet Begins to Take Shape

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¶3. (C) Following his swearing-in, PM Nepal swore-in two UML leaders as ministers - UML Vice President Bidhya Bhandari as Defense Minister and UML deputy parliamentary leader Surendra Pandey as Finance Minister. MK Nepal would have reportedly preferred to swear in a small cabinet with members from all three main coalition partners (UML, Nepali Congress (NC), and

Madhesi People's Rights Forum (MPRF)), but neither NC nor MPRF were ready to submit names until negotiations over portfolio distribution and the common minimum program were completed. While Bhandari and Pandey are expected to stay in the cabinet, their portfolios may change when additional parties join. It could take two weeks or longer before a full cabinet is in place.

Future of Maoist Protests Unclear

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**¶4.** (C) In remarks to the CA on May 23, the Maoists' deputy parliamentary leader Narayan Kazi Shrestha announced their boycott saying that they could not participate in the new government which was being formed "under the design of foreign imperialist forces and reactionaries" and condemning any government formed without previously reversing the President's "unconstitutional" decision to reinstate Army chief General Katawal. He claimed, however, that the Maoists would not boycott parliamentary sessions. Other senior Maoist leaders have indicated, however, that they intend to continue periodic street demonstrations and have announced they do not intend to participate in a high-level inter-party coordinating committee proposed by NC President GP Koirala, at least not until President Yadav reverses his decision on Katawal. The next scheduled session of the Parliament will be on May 27.

Comment

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**¶5.** (C) While representatives from 22 parties supported MK Nepal's election, not all will join the cabinet. Even so, intra- and inter-party tensions will make it difficult for the new PM to forge and maintain coalition unity. In his

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first address to the nation, ongoing at close of business, PM Nepal is expected to stress the need to move forward with the peace process and constitution drafting, and appeal to the Maoists to play a constructive role. Although Maoists boycotted MK Nepal's election as PM, that they did not boycott his swearing-in is a positive sign. With MK Nepal's elevation to PM, he is expected to give up his chairmanship of the Constitutional Committee. The Maoists have reportedly already expressed an interest in the position. MK Nepal is a long-standing Embassy contact, who has been accessible and responsive to USG concerns in the past. He has fifteen years of experience as head of one of Nepal's leading parties and had a short stint as Deputy Prime Minister in 1994-95 with responsibility for Foreign Affairs and Defense. In spite of losing both seats he contested in the CA election in 2008, his presence in the Assembly was considered so indispensable that the Maoists assisted the UML in having him appointed to the CA in early 2009 and supported his election to head the principal constitution-drafting committee. The U.S. should be able to work closely with him as PM, but whether he will be able to keep his own government in line and in power through the drafting of a new constitution and the completion of the peace process is an open question.

POWELL